

CHAPTER I INTRODUCTION

The development of industries and businesses in the United States has led it to become the superpower country since 1940s. However, the power of the United States is now facing the new challenge. The emergence of China as the fastest economic growth country has threatened the US hegemony as a superpower country in the world. At the same time, The Kyoto Protocol as the international treaty that binds all states to be involved in the mitigation effort of climate change in particular ways was established in 1997. It gives some implication to certain countries including the United States because of its obligation to reduce the emission for the developed countries. The United States rejects to be involved and complains about the exemption granted to China. Concerning on that, this research will analyze about "The Conflict of Interest between the United and China on Emissions Reduction Regulation in The Kyoto Protocol".

A. BACKGROUND

The United States is known as a superpower country since the World War II because of its greatest power in military, economy and politics. Among other aspects, the great economy is the determinant factor that can influence other factors. The United States economy has the world's largest Gross Domestic Products (GDP), \$13.21 trillion in 2006.¹ It is the result of good cooperation of the corporations and

¹ Economic Analysis, U.S. Dept of Commerce - Bureau of Economic Analysis <http://www.us.gov/newsreleases/international/intinv/2007/intinv06.htm> (retrieved on February 3rd, 2008)

other private firms that are supported by the government. The corporations, companies and the private sectors have developed well to the entire country as well as to the international market. The United States also maintains a high level of productivity (GDP per capita), although it is not the world's highest. The U.S. economy has maintained a reasonably high overall GDP growth rate, a low unemployment rate, and high levels of research and capital investment².

The key factor of the great economic development is a reliance on private decision making (economic freedom).³ The private sector can freely make a decision in operating their business. Besides that the government supports them by giving relatively low levels of regulation, taxation and involvement. The principle of Laissez Faire in which government has no role in market works very well in the United States. A large population, a large land area, numerous natural resources, a stable government and a highly developed system of post-secondary education are almost universally regarded as substantial contributors to U.S. economic performance.⁴

The United States is rich in mineral resources and fertile farm soil, and it is fortunate to have a moderate climate. It also has extensive coastlines on both the Atlantic and Pacific Oceans, as well as on the Gulf of Mexico. Rivers flow from far within the continent, and the Great Lakes—five large, inland lakes along the U.S. border with Canada—provide additional shipping access. These extensive waterways

² *Garis Besar Ekonomi Amerika Serikat*, Office of International Information's Program, US Department of States. P. 2

³ Gilpin, Robert, *U.S. Power and the Multinational Corporations: The Political Economy of Foreign Direct Investment* (New York: Basic Books 1975) p. 34 - 35

⁴ *Ibid* p. 44

have helped to shape the country's economic growth over the years and helped to bind America's 50 individual states together in a single economic unit.⁵

Those above factors have led the United States to gain its economic power through its industries that are expanded throughout the world. The role of the industries, big companies, corporations and private sectors has contributed significantly to the national income. The development of technology and industries has contributed income to the government and finally the military can be enhanced. With an economic and military power, the United States can gain its political power and become the superpower country in the world.

Having long being a hegemonic country in the world, the United States now has to face a new challenge in the global economy which is the emergence of some fastest economic growth countries. China is the fastest among the fast economic growth countries. China's economy grew at an average rate of 10% per year during the period 1990-2004, the highest growth rate in the world. China's GDP grew 10.0% in 2003, and even faster, 10.1%, in 2004, and 9.9% in 2005 despite attempts by the government to cool the economy. China's total trade in 2006 surpassed \$1.76 trillion, making China the world's third-largest trading nation after the U.S. and Germany. Many experts predict that China will soon become the new superpower country replacing the United States.⁶

On the other hand, the American's development of technologies and industries since the industrial revolution have resulted other consequences that harm

⁵ Garis, *op. cit.* p. 3

⁶ Hale, David & Hale, H., Lyrics, *China Takes Off, Booming Economy*, Foreign Affairs, November / December 2003. P. 36

not only American but also all living being on earth. Together with other industrialized countries, the United States industries are considered to be responsible to the global damage namely climate change. The problem of Climate Change is actually caused by the human activities in increasing the economy. Since the Industrial Revolution at the end of the 18th century, there has been a marked increase in the emission of greenhouse gases (mainly carbon dioxide), in proportion to industrial expansion. As well, artificial greenhouse gases that did not exist before the Industrial Revolution, such as CFC (chlorofluorocarbon) and sulfur hexafluoride, have been produced, and are being released into the atmosphere⁷. The greed of people to exploit the fossil fuels to enrich the standard of living has threatened the earth and environment. The burning of fossil fuels has released a harmful emission on the earth and endangers the living being on it.

The significant contribution of harmful of emission is mostly released by the developed countries since they have many industries to support the economy. While the rest of the world only get the impacts resulted by the industries owned by the developed countries. Every people should be responsible to take an action to solve this serious problem especially any countries that contribute much to the future risk of the global warming. The earth belongs to entire creature in the world so the good cooperation among nations is really needed to create the best solution to protect the earth from the huge damage caused by the human activities.

⁷ APEC Center for environmental Technology Exchange, *What is global warming*, www.epcc.pref.osaka.jp/apec/eng/earth/global_warming/what.html - 15k - (accessed on January 20th)

Since the whole living being now is under the risk of global warming, a lot of mitigating efforts have to be conducted and developed to deal with the potential risk of climate change. The consideration that the environmental degradation can cause the social, economic and human cost for the human being and the earth, stimulates the initiatives of global cooperation to reverse the threat of climate change. The environmental problems need an international agreement and convention that can bind all states to protect the environment in their industrial activities. Those talks involved many nations in the world especially the industrialized countries, which are accused of being responsible for the huge amount of harmful emission released to the atmosphere since the industrial revolution.

Concerning the problem of atmosphere, especially on climate change, on December 11th, 1997, United Nations Framework Convention on Climate Change (UNFCCC) has established Kyoto Protocol to solve the future damage of global warming and limit the human activity of burning fossil fuels. This agreement calls for decreases in the emissions of greenhouse gasses. The industrialized countries have to limit their emissions of greenhouse gasses to a yearly average of 95 percent of their 1990 emissions. The Kyoto Protocol is meant to achieve a stable condition of atmosphere as; it would slow the increasing of the earth's temperature and decrease the risks of global warming on the earth. All parties that ratify the Protocol will have a common responsibility to stabilize the atmosphere, but they are differentiated based on the historical background of emitting the greenhouse gasses and the economic ability. On the other word, the obligation of limiting the energy using is

only charged to the developed countries that have long exploited the fossil fuels while the developing countries are exempted from the commitment.

Upon the Kyoto Protocol, the United States shows its inconsistency in responding it. American government have signed the Convention under Clinton administration but withdrawn from the Protocol as a legal instrument to implement the Convention's principles. It has an objection with the exemption granted to China in emission reduction regulation. In many public media, both countries have accused each other in the responsibility of stabilizing the carbon dioxide in the atmosphere. The American Government claims China to be the next largest carbon dioxide emitter. On the other hand, China still believes that the United States should be responsible to the accumulation of the carbon dioxide in the atmosphere since it contributes more than one third of greenhouse gasses.⁸ In the next chapter, this research will analyze deeper about the U.S. interest to complain the exemption granted to China.

A. WRITING OBJECTIVE

The Objectives of this research are firstly to analyze the conflict of interest that surround the international environmental agreement and secondly to figure out the interest of the United States behind its objection to the exemption granted to

⁸ Environmental Protection Agency of the United States of America, <http://www.epa.gov/climatechange/emissions/usainventory.html> (retrieved on 2nd January)

China in emission reduction regulation in the process of global warming mitigation and by doing so, they hamper the effectiveness of the Kyoto Protocol.

B. RESEARCH QUESTION

According to the problem background, this research is going to answer the question on: *Why does the United States object to the exemption granted to China on Emissions Reduction Regulation in the Kyoto Protocol?*

C. THEORITICAL FRAMEWORK

Theory is the statement that can answer the question of why. It means that using theory is explaining the meaning of the phenomenon that happened. The statement that is called theory is a group of generalization that includes some concepts. Therefore, the theory can also be a statement that correlates some concepts logically⁹. Earl Babbie in his book *The Practice of Social Research* explains that a theory is a systematic explanation for the observed facts and laws that relates to a particular aspect of life. He also remarks that at least it has an organized concept as a basic building block of theory¹⁰. While, the concept means an abstraction that represent the object, the character of the object or some certain phenomenon¹¹.

The understanding of the reasons of some policy can be drawn trough the theory of decision making process. In this case, the theory of decision making process introduced by William D. Copplin will well explain the reasons why the

⁹ Mohtar, Mas' oed, *Ilmu Hubungan Internasional: Disiplin dan Methodologi*, (Jakarta, PT. Pustaka LP3ES 1990) p. 186

¹⁰ Babbie, Earl, *The Practice of Social Research*, 10th Edition, Wadsworth, Belmont, CA, 1998

United States trigger the conflict of interest with China by the issue of obligating China to reduce the emission. The author will also use the concept of national interest to explain the factors that become the consideration of the United States to raise the conflict with China.

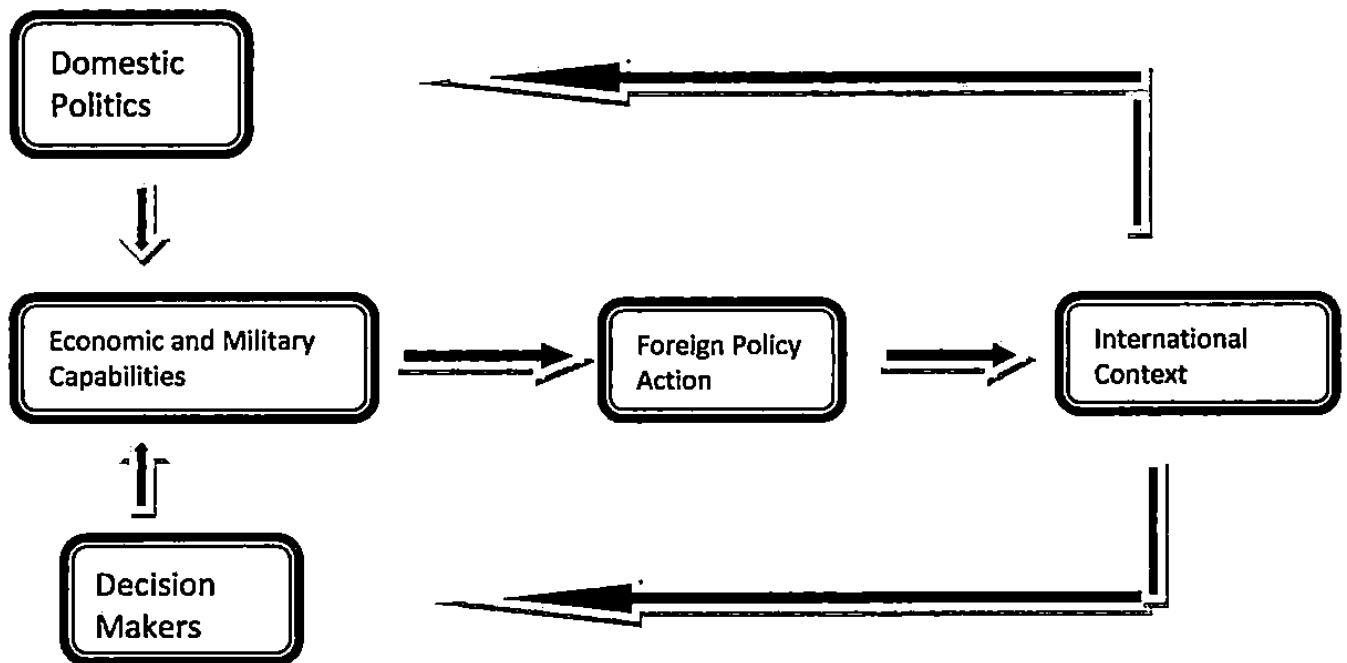
A. Decision Making Process Theory by William D. Copplin.

The decision makers of the foreign policy take a policy with many considerations. Some foreign policies can be viewed as a result of three factors that influence the decision makers. The first is the international context as the product of the foreign policies of other states. The international context will influence the domestic politics and economy and military. Those two factors will finally influence the decision makers to issue the foreign policy¹².

It means that the international politics is a behavior and commitment of one country upon the international issue. It can be a strategy to get their national interest that is implemented through the foreign policy. However, the process of the decision making will be based on many factors that can support the foreign policy in the effort of gaining the objective. Therefore, it can be formulated that the significant factors that determine the foreign policy are international context, the domestic politic, and the economic and military condition of the country. Those factors can be correlated to plan the foreign policy action. The connection of those factors in building the foreign policy action can be described trough the scheme followed:

¹² William D. Coplin & Charles W. kegley. Multi Method Introduction to International Politics (Random House)

Figure 1. DIAGRAM OF DECISION MAKING PROCESS



Source: William D. Coplin & Charles W. Kegley. Multi Method Introduction to International Politics (Random House)

1. International Context

The global climate change is the global common issue that includes natural systems and resources, such as atmosphere and oceans that belong to all living being rather than to individual nations¹³. All nations are affected by the earth's climate system, so that broad international cooperation is required to mitigate the threat of global warming. In the absence of a global agreement to reduce greenhouse gasses, no state can anticipate any stabilization in the climate, and its capacity for adaptation could well be overwhelmed by continued warming¹⁴. Based on the common awareness of the global warming issue, more than 160 countries under the UNFCCC

¹³ Porter, Gareth & Brown, Janet Welsh, Global Environmental Politics (Westview Press, 1991) p.92

has reached an agreement on establishing the Kyoto Protocol that will bind any countries that ratify it. The Kyoto Protocol is the legal instrument to implement the Climate Change Convention to stabilize the greenhouse gasses in the atmosphere in the level that is safe for the earth and all living being inside. The main principle of the protocol is the obligation to reduce the emission for the Annex 1 countries (referred to the developed countries) and no obligation to reduce the emission for the Non- Annex 1 countries (referred to developing countries). The United Nations Framework Convention on Climate Change agreed to a set of a "common but differentiated responsibilities." The parties agreed that the largest share of historical and current global emissions of greenhouse gases have been created by developed countries, per capita emissions in developing countries are still relatively low and the share of global emissions originating in developing countries will grow to meet their social and development needs.¹⁵

In other words, China, India, and other developing countries are free from the emission reduction target of the Kyoto Protocol. They are excluded from the emission reduction obligation because they are not the main contributors to the greenhouse gas emissions during the industrialization period that is accused to cause today's climate change. Another reason to exempt China and other developing countries is because of the disability of developing countries to handle the economic risks resulted from the restriction of energy using. Furthermore, China and India are still growing their economy to raise welfare of its people. They cannot afford the

¹⁵United Nations Framework Convention on Climate Change (UNFCCC), "Kyoto Protocol", [http://www.unfccc.int/kyoto_protocol/items/2830.php](#) (accessed on November 20th, 2007)

risks of economic strains caused by emissions limitations. Therefore, it is understandable that China and India would get an exemption to reduce the energy using for economic reasons. However, even without the commitment to reduce the emissions according to the Kyoto target, developing countries share the common responsibility that all countries have in reducing emissions.

The exemption granted to China will surely affect the economic competition with the United States in the global market. The economic booming of China now is becoming the issue in the International Relations. Furthermore, the China's economic expansion in East Asia market has developed fast, surpassing the United States. It creates the new economic competitor for the United States to be an economic power in the international market, especially in East Asia. Robert S. Rose, a professor in Boston College writes in his article *A Realist Policy Managing US – China Competition* that:

“Over the next 10 and 20 years, the continued growth of China's GDP will assure that even if Beijing maintain the modest defense budget, its absolute defense spending will grow at the rapid rate and its annual budget will enable significant increase in the arm procurement. Simultaneously, modernization of the China economy will enable domestic production of increasingly sophisticated advanced weaponry. Complementing the growth of Chinese military power is the rapid and ongoing expansion of Chinese international economic influence. As its international market power has expanded and its accumulation of Direct Foreign Investment has grown, China has become an increasingly more important source of economic growth for the United States for nearly every East Asian economic.”¹⁶

¹⁶The Stanley Foundation, *A Realist Policy for Managing US-China Competition*

The ability of China to expand the economic in the international market has enabled them to be the new emerging power in the international politics. The raise of China as the new emerging power in the international arena has become US new competitor in economic and military. The United States consider that its position as a developed countries obligate them to reduce the emission that will surely slow down the economic. On the other hand, the position of China as a developing country makes them free from the regulation of the emission reduction. Although China is right now including in the developing countries, the industrial economy has become the significant competitor for United States. While, for United States the emission reduction without China involvement will only becomes an obstacle for the competition against China. If the United States ratifies the Kyoto Protocol, they will be obligated to reduce the emission. It will obviously give significant disadvantages for them by slowing the economy while their competitor can be a new giant in the international market.

A set of regulation on the Kyoto Protocol that exempt China from the obligation of emissions reduction is an agreement of many countries under UNFCCC. It is the international context that will influence the domestic politics as well as economic and military capabilities of any countries including the United States. These two factors will be the determinant factors for the decision makers to take the

2. Domestic politics

The international context will influence the domestic politics. The obligation of the emission reduction for the developed countries and the exemption granted to China have influenced the decision making process in the United States parliament. It becomes the consideration of many elements of government to decide the foreign policy.

The future impacts on economy resulted from the emissions reduction and the exemption granted to China has influenced the policy maker to withdraw from the Protocol. The United States which releases more greenhouse gasses than any other nation, still insist on rejecting the ratification and participating in the effort of global emission reduction. Bush opposes the Kyoto Protocol because it exempts 80 percent of the world, including major population centers such as China and India, from compliance, and would cause serious harm to the U.S. economy.¹⁷ In another part of his speech, he remarked that the United States is the biggest emitter that releases more than 20 percent of greenhouse gasses but also mentioned China as the second largest emitter that is exempted from the obligation of reducing emissions. Furthermore, he emphasize that the United States will not sacrifice their economy, workers and their people for something which has unrealistic goals.¹⁸ The United States is basically concerned about the problem of climate change and doesn't deny

¹⁷ The White House site, *Letter of President Bush to the senators Hagel, Helms, Craig and Roberts*, Press Secretary for immediate release, , 13 Mar 2001, , <<http://www.whitehouse.gov/news/releases/2001/03/20010314.html>> (accessed on December 1st, 2007)

¹⁸ The White House site, *President Bush Discusses Global Climate Change*, Press Secretary for immediate

the future impact of it, but has a problem with the exemption granted to China as both the second largest emitter and developing country. Furthermore, the American government wants to protect their economy from collapse that is predicted to happen caused by the limitation of using the fossil fuel energy for its industries.

The regulation of limiting the emission for industrialized countries becomes the objection for many big oil companies. By the restriction of using the energy, those companies will surely get a great loss because the oil consumers have decreased. The limitation on using the fossil fuels will surely decrease the profits of those MNCs. Therefore, the big oil multi national companies likes ExxonMobil etc lobby the government to determine the policy on the environment protection.

In the democratic politics, the decision making process in the United States is not determined by the President only but also the Congress and the interest group. The existence of Congress and the interest group are really significant in the decision making process. They will influence much in the foreign policy. Through the strong lobby in Senate, the big oil companies can determine the foreign policy of the American government¹⁹. President's George Bush's decision not to sign the United States up to the Kyoto global warming treaty was partly a result of pressure from ExxonMobil, the world's most powerful oil company, and other industries, according to US State Department papers seen by the Guardian²⁰

¹⁹ Murdiyarso, Daniel, *Protokol Kyoto; Implikasinya Terhadap Negara Berkembang*. (Jakarta, Penerbit Kompas 2003) p.100

²⁰Houghton, John. "Global Warming is Now a Weapon of Mass Destruction." Truthout, <<http://www.truthout.org/docs/02/02000302.html>> (accessed on January 10th, 2007)

The decision to withdraw from the protocol is related to the political situation in the United States especially in the Congress which is dominated by the debate between Republican and Democratic Party. In this session, big oil companies also take a part in decision making process to determine the foreign policy action.

3. Economic and military capabilities

International context which is the Kyoto Protocol and the exemption granted to China influences the economy and military capabilities that finally becomes the consideration of the decision makers to take a foreign policy action. Being the signatory member of the Kyoto Protocol will weaken the economy and finally will also weaken the military capabilities that they belongs to. The restriction on the energy using will give problem to many industries in the United States. Because they are the tools of the United States to get many profits, the collapse of the MNCs means the collapse of American economy.

The United States economy depends much on the industries and the big oil company that contribute to the national finance. Those companies always support the national economy to finance every national need including military. The advance weaponry and military need a big amount of budget. This condition is the basic factors why the United States can be a powerful country in the international arena. The United States has to maintain those factors to keep the power in the global community.

The emission reduction regulation and the exemption granted to China will surely give the disadvantages on the US' competitive strength on the economy and

military while on the other side give the benefits for China. Therefore, the United States decided to reject ratifying the protocol unless involving China together with Annex 1 countries to reduce the emission.

B. The concept of the national interest.

The concept of national interest can also explain the action taken by United States. The fundamental goal and the important factor that determine the foreign policy of every country are the national interest. It is an absolute factor that always becomes the reason of the decision maker to take an action because the national interest is a vital need of the nation.

The inherently minimum meaning of the national interest concept is the survival. According to Morgenthau, the minimum ability of the nation – state is protecting the physically identity of their politics and culture from the threat of others. In the other word, a nation – state has to protect the territorial integrity that is the physical identity, maintain the political regime that is the political identity that can be democratic, authoritarian, socialist or communist and also protect the ethnical norms, religious, linguistic and history that are the cultural identity²¹.

Morgenthau has ever said that the strategy of diplomacy has to be based on the national interest, not the moral, legacy or ideology. The national interest of every nation state is gaining the authority which is everything that can control others through coercion, pressure and cooperation.²²

²¹ H.J.Morgenthau, *Politics Among Nations* (A. Knopf, 1978) p.187
²² *Ibid*, p.188

As a developed country, The United States has a strong economic power. The economy is supported dominantly by the industries that depend much on the fossil fuels as the energy. Knowing that the prominent regulation on the Kyoto Protocol is the regulation of the emission reduction, many economics analysts predict that it will affects much on the economic stability of the signatory country. The reduction of the emission means the reduction of the using of the fossil fuels. It will surely slow the economic condition in the country. The big companies will have a great lose because of the decreasing of the oil demand and the contribution to the state will also be decreasing. Beside that, the exemption granted to China as one of the economic competitor of the United States will give China more chance to develop the economy and handle the global market. Without the obligation of reducing the emission, China will still be able to expand to the international market and become the powerful country in the economic sector. The United States will lose the economic influence if they lose in the economic competition with China. Therefore, the policy of withdrawing from the Kyoto Protocol and calling for the next agreement that involve China in Emission Reduction becomes the records of the foreign policy

D. THE HYPOTHESIS

From the theoretical framework and data mentioned before, the hypotheses are:

1. The principle of the Kyoto Protocol that exempt China from the obligation of reducing the emissions will decrease the US competitive ability in the global economy.
2. The United States interest is in protecting its economy to maintain the economic domination in the international market which is now threatened by China's economy.

E. THE RANGE OF RESEARCH

The research is focused more on response of the United States and China upon the Kyoto Protocol from 1997 until now. This issue is important to be discussed because the United States is the significant actor in the accumulation of harmful emission in the atmosphere. Without the United States, the Protocol will be considered ineffective since it contributes one third of total emission released by developed countries.

F. THE METHODS OF RESEARCH

The research uses a deductive method. It means that framework of theories and approaches are explored first then the hypothesis can be drawn. The hypothesis then will be proved through data and analysis.

The method of collecting the data is library research in which the data are secondary sources. Therefore, all data are taken from books, scientific papers,

scientific journals, magazines, newspapers, websites and other relevant data. Those data will be analyzed with the theories that are determined before. It is to prove that the hypothesis is accurate and finally answer the core problem. Although this paper uses a secondary data, the author selects the accurate data and check the reliability of the data to accomplish the trustworthy research.

G. THE COMPOSITION OF RESEARCH

The first chapter describes the brief explanation of the paper. It explains about the background and also the core problem that needs to be figured out. Besides, it also shows the framework of theories that are used to explain the problem on the paper and from the theories; it draws the hypothesis that will be proved in the next chapters. Furthermore, it also explains the objectives, range, method and system of the research.

The second chapter will analyze the background of the United States industries that make it becoming superpower country and its economic competition with China that becomes the new challenge for its hegemony.

The third chapter will explain the climate change and the impacts to the environment that lead to the international agreement. It describes the Kyoto Protocol as the legal instrument to implement the Climate Change Convention under the United Nations. It also explains the economic consequences following the treaty.

The fourth chapter will explain the factors that makes the United States to the
... and to China an emission reduction regulation. It also shows

response of the United States to the Kyoto Protocol that will bind them to reduce the emissions. The last chapter will be the conclusion from the first until the last chapter.